

ESG, Sustainability and Greenwashing

P-3.18

March 2026

Internal use

Contacts and Document History

Requests should be addressed to the policy owner ESG & Portfolio Analytics.

Version	Changes made	Author/Reviewer	Date
1.0	Policy created	Andreas Doepfert	31.03.2023
2.0	Policy review	Marcan Delattre	16.12.2024
3.0	Confirmation of validity	Andreas Doepfert, Marcan Delattre	20.02.2025
4.0	Policy review	Marcan Delattre, Andreas Doepfert	30.01.2026

Contents

Contacts and Document History	2
Contents	3
1. Purpose of the Policy and Legal Framework	4
2. Scope of Application	4
3. Sustainable Investment Approach	4
3.1 Ownership	4
3.2 Alignment with R&Co Group	4
4. Preventing Greenwashing	5
4.1 Staff Training	5
4.2 Marketing Material related to ESG	5
4.3 Regulatory disclosure on an entity level	5
4.4 Regulatory disclosure on the product level	6
5. ESG-Linked Remuneration	6
5.1 General remarks	6
5.2 Basic ESG Training	6
5.3 Investments	7
6. Client Suitability	7
7. Proxy Voting & Engagement	8
7.1 General Remarks	8
7.2 Companies in scope	8
7.3 Proxy Voting Reporting	8
7.4 Share of Voting Rights Limits	8
7.5 Engagement	9
8. Risk Reporting	9
8.1 Targeted ESG Metrics	9
8.2 Principal Adverse Indicator Reporting (PAI)	10
8.3 Group ESG exclusion screening	10
A. Related R&CoBZ Policies	13
B. Definitions	14

1. Purpose of the Policy and Legal Framework

The purpose of this policy (the "Policy") is to outline the responsibilities and implementation of the Sustainable Investment Approach¹ ("ESG approach") by Rothschild & Co Bank AG ("R&CoBZ") and to ensure compliance with the applicable Swiss initiatives² and European law and regulations³.

2. Scope of Application

This policy applies to R&CoBZ, including its subsidiaries, branches, and representative offices in Switzerland and abroad (together, the "R&CoBZ Group").

This policy sets out the minimum policy requirements for R&CoBZ Group. To take into consideration local laws and regulations where required, foreign subsidiaries, branches, and representative offices of R&CoBZ may issue own policies to cover additional local requirements not covered by this policy.

3. Sustainable Investment Approach

3.1 Ownership

ESG describes Environmental, Social and Governance metrics and considerations. The ESG approach describes the integration of ESG factors into the investment activities. The approach, and any amendment hereof, must be approved by the investment committee ("IC").

3.2 Alignment with R&Co Group

The ESG approach must be aligned with the R&Co Group ESG approach. The exclusion of investments based on ESG consideration, the exclusion policy, of R&CoBZ Group can be stricter than the group ESG policy, but never be less strict.

1 Sustainable Investment Approach can be found on the Client Corner.

2 Guidelines for the financial service providers on the integration of ESG-preferences and ESG-risks into advice and portfolio management (the "ESG Guidelines of the SBA"), FINMA Guidance 05/2021 Preventing and combating greenwashing.

3 Markets in Financial Instruments Directive (the "MiFID II"); EU Sustainable Finance Disclosure Regulation (the "SFDR"); the SFDR supplementing regulation Do-No-Significant-Harm (the "DNSH"); the SFDR amending regulation on the EU-Taxonomy (the "EU-Taxonomy").

4. Preventing Greenwashing

4.1 Staff Training

The ESG Guidelines of article 15 SBA, in line with article 6 FinSA⁴, highlight the importance of sufficient knowledge to prevent greenwashing. R&CoBZ Group trains all affected staff, based on their role, as described in chapter 5 (ESG-linked Remuneration).

4.2 Marketing Material related to ESG

To avoid the presentation of misleading or contradicting information, in line with ESG Guidelines of the article 10 SBA and article 13 SFDR, any marketing communication and documents for clients, including pitch presentations, must follow the marketing guidelines⁵ and include the appropriate disclaimer⁶. In addition, slides and presentations regarding "ESG and Sustainability"⁷ shall always be created via Upslide and be reviewed by an ESG expert⁸. The term "ESG and Sustainability" should be used in a broader sense, and if in doubt, the ESG expert must be consulted.

4.3 Regulatory disclosure on an entity level

SFDR requires European financial market participants to disclose the integration of sustainability risks in their investment decision-making process, the consideration of Principal Adverse Indicators (the "PAI") and the remuneration related to the integration of sustainability risks.

As a Swiss financial market participant, R&CoBZ is not directly required to participate. However, R&CoBZ decided to publish the required information on its webpage⁹ to avoid potential litigations and to comply with requirements of business partners located in the EU. Subsidiaries of R&CoBZ, which are in scope of the SFDR regulation, must publish the required information on the webpage.

Article 3 SFDR requires the disclose of information about the integration of sustainability risks in the investment process online. The disclosure reverences our ESG approach¹⁰ which explains in what way we consider sustainability risks in our investment process. On the one hand, we do exclusion screenings, on the other hand, we focus on investments with a better ESG profile, thereby contributing to climate change mitigation as well as aiming for a lower carbon risk exposure and superior sustainability¹¹ characteristics.

Article 4 SFDR refers to the consideration of Principal Adverse Indicators (the "PAI"). PAIs are the main key indicators regarding the "Do no significant harm" (the "DNSH") criteria¹². R&CoBZ Group prioritises PAIs for the DNSH criteria and integrates them in our investment universe definition process¹³. On the product level, R&CoBZ Group includes them in the reporting to the investment committee and the investment risk committee. Based on this, the committees can then determine possible adverse impacts on investment products. The integration and prioritisation of PAIs can be found in the ESG approach.

4 Federal Act on Financial Services (the "FinSA"), Status as of August 1st, 2021.

5 Procedure "Identification and labelling of advertising".

6 See policy P-3.15, R&CoBZ policies can be found [here](#).

7 ESG and Sustainability refers to the ESG approach (see [here](#)).

8 For R&CoBZ the expert is the ESG & Portfolio Analytics team. Local entities might appoint local ESG experts.

9 Regulatory references can be found [here](#).

10 Sustainable Investment Approach can be found on the Client Corner.

11 As defined by R&CoBZ Group as well as the EU-Taxonomy.

12 DNSH criteria can be found [here](#).

13 See policy P-3.16, R&CoBZ policies can be found [here](#).

However, R&CoBZ and its subsidiaries refrain from considering all PAIs in line with article 4 SFDR. This decision is regularly reviewed by the IC.

For the reporting requirements as per article 5 SFDR we refer to chapter 5 (ESG-linked Remuneration).

4.4 Regulatory disclosure on the product level

R&CoBZ Group has the duty to provide clients information about ESG-risk and -characteristics (ESG Guidelines of the article 10 SBA). These guidelines need to be adhered to meet the corresponding SFDR guidelines (ESG Guidelines of the article 4 SBA).

R&CoBZ has chosen vendor Cleversoft and Zeidler to comply with the reporting requirements as per article 6-12 SFDR.

Article 6 SFDR focuses on the transparency of the integration of sustainability risks on the product level.

Article 7 SFDR requires transparency of the PAIs.

Article 8 SFDR describes the requirements for products promoting environmental or social characteristics, article 9 SFDR describes the requirements for investment products with a sustainability focus.

Article 10 SFDR requires a simplified web-disclosure for products promoting environmental or social characteristics.

Article 11 describes the periodic reporting requirements for products promoting environmental or social characteristics and for sustainable investment products.

Finally, article 12 focuses on the review of the disclosures.

R&CoBZ Group aims to promote environmental or social characteristics (article 8) for its funds whenever this is sensible. The product classification process can be found in Appendix A.¹⁴

For the reporting requirements as per article 6-12 SFDR, we refer to the policy P-3.40 "Information Duty on Financial Products"¹⁵.

5. ESG-Linked Remuneration

5.1 General remarks

The attainment of or failure to achieve desired ESG-practices and goals should be linked to remuneration. For example, article 5 SFDR requires that financial market participants disclose how remuneration policies are consistent with the integration of sustainability risks in their practices.

5.2 Basic ESG Training

Training is the main tool to enable employees to consider ESG risks and practices in their work, address client preferences and avoid greenwashing. Therefore, training attendance will be monitored and failure to complete and pass a mandatory ESG training is tracked and factored in for the annual performance review process.

¹⁴ The statements and subsequent table in the appendix also apply to R&CoVV. From the perspective of the range of services offered in Germany, the statements apply not only to funds, but to all investment strategies and therefore also apply to mandates.

¹⁵ See policy P-3.40, R&CoBZ policies can be found [here](#).

All employees for whom ESG consideration might have a relevant impact in the exercise of their work must do the training. These include but are not necessarily limited to relationship managers, their assistants, all the related functions, investments, legal and compliance.

The training should cover the topics described by art 8 of the ESG guidelines of the SBA and, given the fact that ESG is in continued evolution, should be repeated every year.

Additionally, the affected employees must acknowledge that they have read and understood this policy.

5.3 Investments

Some functions in the investment department have further ESG objectives linked to remuneration.

Portfolio management: For all applicable benchmark-oriented investment strategies, the portfolios should outperform the corresponding benchmarks across a range of metrics. These metrics are defined every year. Since 2025 they have been:

- Ensure the share of Sustainable Investments meets the thresholds set according to MIFID II
- Maintain a 30% or above share of E/S-aligned investments

Concrete targets are set every year.

Further remuneration linked to ESG objectives may be set for other functions in the department.

6. Client Suitability

Regulatory position

Under the EU MiFID II framework (as amended to include sustainability preferences) and the Swiss SBA ESG Guidelines, portfolio-based investment advice and discretionary portfolio management must collect and reflect any client sustainability preferences as part of the suitability (or appropriateness) assessment. The process is strictly two-step: determine suitability on the usual dimensions (knowledge/experience, objectives, risk tolerance/capacity for loss), then apply the client's sustainability preferences, if any.

Professional clients in Switzerland may waive the application of the SBA ESG Guidelines; institutional clients are generally out of scope of the SBA Guidelines.

How we capture sustainability preferences

Q1 — Do you want to set MiFID II sustainability preferences?

- No
- Yes, but without specific thresholds
- Yes, with specific thresholds: the client defines preferences using Q2–Q4 below.

Q2 — Minimum share of “Sustainable Investments” (SFDR Art. 2(17)): Client selects N/A or a low / moderate / high minimum (or an exact %)¹⁶

Q3 — Minimum share of EU Taxonomy-aligned activities

¹⁶ • Document available upon request provides the % ranges for low/moderate/high

- Client selects N/A or a low / moderate / high minimum (or an exact %)
- Document available upon request provides the % ranges for low/moderate/high

Q4 — Principal Adverse Impacts (PAIs) to be considered

- Client may select one or more Environmental / Social / Governance PAI categories (or N/A)
- Selecting PAIs constitutes a preference that products/portfolios consider the specified PAI category(ies)
- Definitions & ranges. The local appendix provides definitions of “sustainable investment” and “taxonomy-aligned” mapping of low / moderate / high to percentage bands the PAI categories/indicators available

For further information we refer to the Investment Questionnaire, Advisory Agreement and Asset Management Agreement.

The client ESG preference is part of the client's risk profile. Investment Control monitors the compliance with those thresholds for discretionary accounts on a monthly basis¹⁷. Portfolios considered to be in transition are not required to meet the thresholds.

7. Proxy Voting & Engagement

7.1 General Remarks

R&CoBZ Group exercises proxy voting as a right and not as an obligation. R&CoBZ Group considers the socially responsible investment principles¹⁸ ("SRI") provided by the Institutional Shareholder Services ("ISS") as outlined in the Stewardship Guidelines¹⁹. The proxy-voting recommendation is reviewed by R&CoBZ Group's equity research team and a final recommendation is presented to the IC. The decisions are ultimately validated by the IC.

For companies solely held by subsidiaries, the local investment committee (the "LIC") validates the proxy voting decision. The processing of the vote depends on the entity (reference).

7.2 Companies in scope

The proxy voting is executed for discretionary mandates and funds. R&CoBZ Group only considers proxy voting for companies in the investment universe. Investments based on client requests in discretionary portfolios are excluded.

7.3 Proxy Voting Reporting

The proxy voting decisions are saved and published annually in the client corner²⁰.

7.4 Share of Voting Rights Limits

According to the stewardship guidelines, R&CoBZ Group has the discretion to exercise or recommend on the execution of voting rights for the stocks held in the Bank's managed mandates and funds if legally allowed and practically feasible.

¹⁷ See policy P-1.02, R&CoBZ policies can be found [here](#).

¹⁸ Socially responsible investment principles can be found [here](#).

¹⁹ Stewardship guidelines can be found [here](#).

²⁰ Client corner can be found [here](#).

The R&CoBZ Group is therefore liable to notify the pertinent national authorities when the share of the voting rights of these stocks relative to the total issued voting rights (the voting share) exceeds certain thresholds.

To comply with those notification requirements, investment control runs an automated daily report²¹. All discretionary holdings R&CoBZ Group can execute our voting rights on are in scope. The share of voting rights is calculated using the cumulated holdings across R&CoBZ Group.

7.5 Engagement

The Bank views collaborative engagement platforms and membership bodies as opportunities to increase knowledge and leverage networks to meet the demands and needs of its engagement priorities.

The Bank is a signatory of the UN's Principles for Responsible Investment (PRI). As a signatory, the Bank publicly commits to developing and contributing towards a more sustainable financial system via six underlying principles.

The Bank is also a member of Swiss Sustainable Finance (SSF). By joining SSF the Bank has access to Switzerland's central information platform for sustainable finance, including the opportunity to collaborate on industry-wide working groups to tackle some of the most pressing issues that we face as investors in the development of sustainable finance today.

The Bank engages with investee companies in a structured way on ESG matters and has so far taken part in collective engagement initiatives. Other companies of the Rothschild & Co Group also participate and engage in collective investor actions with companies in and outside of the Bank's investment universe.

8. Risk Reporting

R&CoBZ takes into consideration specific risk indicators related to sustainability, including

- Targeted ESG Metrics
- The mandatory "PAI"²²

Due to their importance for portfolio- and risk-management, these indicators are reported to management at the product level. In addition, all assets in the investment universe must pass group ESG exclusion screening. The relevant indicators and thresholds, as defined by the risk limits²³, are reported to the IC and Investment Risk Committee (the "IRC") on a regular basis.

8.1 Targeted ESG Metrics

The IC has defined targeted ESG metrics for discretionary portfolio management. These metrics are ranked according to importance and achievement priority as outlined in the ESG approach. As of 2023 they are:

- Share of sustainable investments,
- Share of E/S-aligned investments,
- Carbon footprint,

21 The investment control process can be found [here](#).

22 Overview of the Principal Adverse Indicators can be found [here](#) (regulation). PAI are explained in Annex table 1.

23 Risk Limits can be found [here](#).

- Average ESG rating²⁴,
- Implied temperature rise.

These indicators are also reported to the IRC on a regular basis. Some of these indicators are part of the ESG-linked remuneration.

8.2 Principal Adverse Indicator Reporting (PAI)

R&CoBZ Group has chosen a subset of PAI indicators and assigned a higher priority to them. These PAIs are part of the definition of the DNSH criteria of R&CoBZ Group and impact the sustainability score of client portfolios. The PAIs are

- Do not breach OECD and UNGC principles (PAI 10)
- Do not have any exposure to controversial weapons (PAI 14)
- Carbon footprint (PAI 2)
- Exposure to companies active in the fossil fuel sector (PAI 4)
- Share of non-renewable energy consumption and production (PAI 5)
- Greenhouse Gas Emissions (PAI 1)
- Energy consumption intensity per high impact climate sector (PAI 6)
- Board gender diversity (PAI 13)
- GHG intensity of investee companies (PAI 3)
- Activities negatively affecting biodiversity-sensitive areas (PAI 7)
- Hazardous waste materials (PAI 9)
- Processes to monitor compliance with UN Global Compact principles and OECD Guidelines (PAI 11)
- Gender Pay Gap (PAI 12)
- Emissions to Water (PAI 8)

In addition, the PAI indicators are calculated²⁵ upon request for our discretionary assets under management and reported to the group for consolidation and publication.

8.3 Group ESG exclusion screening

The ESG exclusion policy of the R&Co Group focuses on

- The UN Global Compact principles and OECD Guidelines to avoid companies with gross violations of fundamental, environmental, and ethical principles²⁶
- No direct investments into controversial weapons
- No direct investments into companies within coal mining and electricity production with extension plans or high revenue dependency or electricity production
- Exclusion of companies with significant exposure to the production, supplying, retailing and distribution of tobacco

The policy applies to the investment universe of R&CoBZ Group. The discretionary managed and advisory holdings are screened for any breaches on a quarterly basis. Any findings are communicated

²⁴ As baseline we consider the average industry adjusted ESG score which can be mapped to an ESG rating.

²⁵ Overview of the Principal Adverse Indicators can be found [here](#) (internal).

²⁶ In line with the minimum safeguards of article 3(c) and article 18 EU-Taxonomie.

to the IRC. For advisory related holdings R&CoBZ informs the client about the result. For discretionary holdings no breaches are allowed²⁷.

It is the responsibility of the respective research team to ensure the investment universe is in line with these requirements²⁸.

As soon as an asset no longer meets the minimum standards or no longer fulfils the ESG exclusion criteria, it is removed from the investment universe²⁹. For discretionary managed accounts the asset must be sold within 3 months. For exceptional and well-justified cases, and with the approval by the IC, this period can be extended.

27 Only exception would be a client wish hold in a discretionary management container.

28 See policy P-3.16, R&CoBZ policies can be found [here](#).

29 See policy P-3.16, R&CoBZ policies can be found [here](#).

Appendices

A. Related R&CoBZ Policies

A.1. Policies related to SFDR

The SFDR regulation relates to transparency on sustainability and impacts the following policies:

- P-3.14
- P-3.16
- P-3.40

Criteria	SFDR classification:	Art. 8*	Art. 6	Art. 9
ESG Approach		<i>In general, all investment strategies Art. 8</i>		
	exclusion criteria (chapter 2)	Fulfilment 100%	Fulfilment 100%	Fulfilment 100%
	aim a coverage of 80% ESG Data (chapter 4)	Fulfilment	#N/A	Fulfilment
	E/S characteristics (chapter 4) in % portfolio value	above 30%	#N/A	min 90%
	Taxonomy	#N/A	#N/A	above 15%
Internal guidelines (Policy "ESG, Sustainability and Greenwashing P-3.18"; 8.1 Targeted ESG Metrics)				
	Share of sustainable investments	The aim is to improve these values in absolute terms over the medium term and to be above the MIFID benchmark.	#N/A	The aim is to improve these values in absolute terms over the medium term and to be above the MIFID benchmark.
	Share of E/S-aligned investments		#N/A	
	Carbon footprint		#N/A	
	Average ESG rating		#N/A	
	Implied temperature rise		#N/A	
* if an Art. 8 investment strategy fulfils the requirements of Art. 9, it is not automatically classified as Art. 9 SFDR. Approval from the IC of the RBZ is required for a changed classification.				

A.2. Policies related to MiFID II

The MiFID II regulation relates to the client's sustainability preferences and impacts the following policies:

- P-1.02
- P-1.09
- P-3.14
- P-3.15

B. Definitions

R&CoBZ:	Rothschild & Co Bank AG
R&CoBZ Group:	Rothschild & Co Bank AG and its subsidiaries
R&Co Group:	Rothschild & Co Group and its subsidiaries
IC:	Investment Committee of R&CoBZ
IRC:	Investment Risk Committee of R&CoBZ
LIC:	Local Investment Committee of the respective R&CoBZ subsidiary
ESG approach:	Sustainable Investment Approach
ESG Guidelines of the SBA:	Guidelines for the financial service providers on the integration of ESG-preferences and ESG-risks into advice and portfolio management
SFDR:	EU Sustainable Finance Disclosure Regulation (REGULATION (EU) 2019/2088 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 27 November 2019 on sustainability-related disclosures in the financial services sector)
EU-Taxonomy:	Regulation (EU) 2020/852 of the European Parliament
DNSH:	Regulation (EU) 2022/1288 of the European Parliament
MiFID II:	Markets in Financial Instruments Directive (DIRECTIVE 2014/65/EU OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU)
PAI:	Principal Adverse indicators (Final Report on draft Regulatory Technical Standards with regard to the content, methodologies and presentation of disclosures pursuant to article 2a(3), article 4(6) and (7), article 8(3), article 9(5), article 10(2) and article 11(4) of Regulation (EU) 2019/2088)
TCFD:	Task Force on Climate-related Financial Disclosure
ISS:	Institutional Shareholder Service
MSCI:	MSCI Solutions LLC